Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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USE TAX AND GOODS DEMONSTRATED
IN THE PROCESS OF SALE

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Are machines which are a part of the regular stock of goods available for sale, but which are also used for demonstration purposes by company salesmen subject to Use Tax liability?

Taxpayer employed salesmen who were provided with a stock of goods for sale. None of the machines was issued to the salesmen for the particular purpose of serving as demonstration models and all machines were available for sale in the regular course of business. The company policy was to sell the machine displayed and demonstrated.

The taxpayer was using a specific machine for demonstration purposes only in connection with efforts to sell that same machine. As such the Use Tax was not applicable as the demonstration was a part of the retail sale process, and not a separate use of the machine by the taxpayer.